

103 KAR 16:100. Apportionment and allocation; telephone and telegraph companies.

RELATES TO: KRS 141.120

STATUTORY AUTHORITY: KRS Chapter 13A

NECESSITY, FUNCTION, AND CONFORMITY: This administrative regulation, under authority of KRS 141.120(10)(b), specifies how the factors for apportioning the income of interstate telephone and telegraph companies are to be determined.

Section 1. General. (1) Business income of multistate telephone and telegraph companies shall be apportioned to Kentucky by multiplying the income by a weighted fraction, the numerator of which is the weighted sales factor (fifty (50) percent) plus the weighted property factor (twenty-five (25) percent) plus the weighted payroll factor (twenty-five (25) percent) and the denominator of which is four (4).

(2) Nonbusiness income shall be allocated to Kentucky by KRS 141.120(3) through (7) and 103 KAR 16:060.

Section 2. Sales Factor. Sales means total gross receipts excluding gross receipts allocated as nonbusiness income under subsections (3) through (7) of KRS 141.120. The sales factor is a fraction, the numerator of which shall be sales which are assigned to Kentucky and the denominator of which is total sales. Sales are assigned to Kentucky as follows:

- (1) Gross receipts from sales or services billed to customers in Kentucky;
- (2) Access fees from long distance carriers for services rendered by the local company in Kentucky; and
- (3) Gross receipts other than those from sales or services and access fees, shall be assigned to Kentucky pursuant to KRS 141.120(8)(c)(3).

Gross receipts from sales or services includes, but is not limited to, the following accounts or charges: local service, toll revenue, access fees, or any other charges billed directly or indirectly to a customer.

Section 3. Property Factor. The property factor shall be determined under the provisions of KRS 141.120(8)(a) except that owned or leased property in outer space shall be excluded from the factor.

Section 4. Payroll Factor. The payroll factor shall be determined under the provisions of KRS 141.120(8)(b).

Section 5. The provisions of this administrative regulation are effective for taxable years beginning on or after January 1, 1985 except that Section 1 of this administrative regulation shall be effective for taxable years beginning after July 31, 1985. For taxable years beginning before August 1, 1985, the business income shall be apportioned by a fraction consisting of a sales factor, property factor and payroll factor and a denominator of three (3). (IC-10; 1 Ky.R. 224; eff. 1-8-75; Am. 15 Ky.R. 271; eff. 9-22-88; 20 Ky.R. 2873; eff. 5-18-94.)